

Financial Report

Village East Fire Protection District

Houma, Louisiana

December 31, 2002

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Village East Fire Protection District

December 31, 2002

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FINANCIAL SECTION



Bourgeois Bennett

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners,
Village East Fire Protection District,
Houma, Louisiana.

We have audited the accompanying basic financial statements of the governmental activities of Village East Fire Protection District (the District), a component unit of the Terrebonne Parish Consolidated Government, State of Louisiana, as of and for the year ended December 31, 2002, as listed in the table of contents. These basic financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of Village East Fire Protection District as of December 31, 2002, and the changes in financial position and the budgetary comparison for the District for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 b) to the basic financial statements, the District has implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – For State and Local Governments, as of January 1, 2002.

The District has not presented Management's Discussion and Analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

In accordance with Government Auditing Standards, we have also issued our report dated May 19, 2003 on our consideration of the Village East Fire Protection District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Bougeson Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana,
May 19, 2003.

**STATEMENT OF NET ASSETS AND
GOVERNMENTAL FUND BALANCE SHEET**

Village East Fire Protection District

December 31, 2002

	<u>General Fund</u>	<u>Adjustments (Exhibit B)</u>	<u>Statement of Net Assets</u>
Assets			
Cash	\$ 491	\$ -	\$ 491
Investments	392,870	-	392,870
Receivables - taxes	12,350	-	12,350
Due from other governmental units	71,351	-	71,351
Capital assets -			
Depreciable, net of			
accumulated depreciation	-	28,962	28,962
Total assets	<u>\$ 477,062</u>	<u>28,962</u>	<u>506,024</u>
Liabilities			
Accounts payable and			
accrued expenditures	\$ 752		\$ 752
Deferred revenue	<u>85,806</u>		<u>85,806</u>
Total liabilities	<u>86,558</u>		<u>86,558</u>
Fund Balance/Net Assets			
Fund balance - unreserved	<u>390,504</u>	<u>\$ (390,504)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 477,062</u>		
Net assets:			
Invested in capital assets		28,962	28,962
Unrestricted		<u>390,504</u>	<u>390,504</u>
Total net assets		<u>\$ 419,466</u>	<u>\$ 419,466</u>

See notes to financial statements.

**RECONCILIATION OF THE GOVERNMENTAL FUND
BALANCE SHEET TO THE STATEMENT OF NET ASSETS**

Village East Fire Protection District

December 31, 2002

Fund Balance - Governmental Fund	\$ 390,504
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Amounts reported for governmental activities in the statement of net assets
are different because:

Capital assets used in governmental activities are not financial resources
and, therefore, are not reported in the governmental fund.

Governmental capital assets	\$ 82,917		
Less accumulated depreciation	<u>(53,955)</u>		<u>28,962</u>

Net Assets of Governmental Activities	<u>\$ 419,466</u>
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See notes to financial statements.

**STATEMENT OF ACTIVITIES AND STATEMENT OF
GOVERNMENTAL FUND REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE**

Village East Fire Protection District

For the year ended December 31, 2002

	<u>General Fund</u>	<u>Adjustments (Exhibit D)</u>	<u>Statement of Activities</u>
Revenues			
Taxes	\$ 80,649		\$ 80,649
Intergovernmental:			
State of Louisiana:			
State revenue sharing	7,280		7,280
Fire insurance tax	9,102		9,102
Miscellaneous - interest	7,189		7,189
Total revenues	<u>104,220</u>		<u>104,220</u>
Expenditures/Expenses			
Current:			
General government:			
Ad valorem tax adjustment	138		138
Ad valorem tax deductions	3,521		3,521
Total general government	<u>3,659</u>		<u>3,659</u>
Public safety:			
Supplies and materials	16,384	\$ -	16,384
Other services and charges	29,923	-	29,923
Repairs and maintenance	15,598	-	15,598
Depreciation	-	9,026	9,026
Total public safety	<u>61,905</u>	<u>9,026</u>	<u>70,931</u>
Capital outlay	<u>11,226</u>	<u>(11,226)</u>	<u>-</u>
Total expenditures/expenses	<u>76,790</u>	<u>(2,200)</u>	<u>74,590</u>
Excess of Revenues Over Expenditures	27,430	(27,430)	-
Change in Net Assets	-	29,630	29,630
Fund Balance/Net Assets			
Beginning of year	<u>363,074</u>	<u>26,762</u>	<u>389,836</u>
End of year	<u>\$ 390,504</u>	<u>\$ 28,962</u>	<u>\$ 419,466</u>

See notes to financial statements.

**RECONCILIATION OF THE STATEMENT OF GOVERNMENTAL
FUND REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE TO THE STATEMENT OF ACTIVITIES**

Village East Fire Protection District

For the year ended December 31, 2002

Net Change in Fund Balance - Governmental Fund **\$ 27,430**

Amounts reported for governmental activities in the statement of activities
are different because:

Governmental funds report capital outlays as expenditures. However, in
the statement of activities the cost of those assets is allocated over their
estimated useful lives and reported as depreciation expense.

Capital outlay	\$ 11,226	
Depreciation expense	(9,026)	
Excess of capital outlay over depreciation expense		2,200

Change in Net Assets of Governmental Activities **\$ 29,630**

See notes to financial statements.

**STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
GENERAL FUND**

Village East Fire Protection District

For the year ended December 31, 2002

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Favorable</u>
				<u>(Unfavorable)</u>
Revenues				
Taxes	\$ 80,547	\$ 80,547	\$ 80,649	\$ 102
Intergovernmental:				
State of Louisiana:				
State revenue sharing	7,280	7,280	7,280	-
Fire insurance tax	8,000	8,000	9,102	1,102
Miscellaneous - interest	11,784	11,784	7,189	(4,595)
Total revenues	107,611	107,611	104,220	(3,391)
Expenditures				
Current:				
General government:				
Ad valorem tax adjustment	1,280	1,280	138	1,142
Ad valorem tax deductions	4,577	4,577	3,521	1,056
Total general government	5,857	5,857	3,659	2,198
Public safety:				
Supplies and materials	7,077	7,077	16,384	(9,307)
Other services and charges	26,309	26,309	29,923	(3,614)
Repairs and maintenance	6,242	6,242	15,598	(9,356)
Total public safety	39,628	39,628	61,905	(22,277)
Capital outlay	69,499	69,499	11,226	58,273
Total expenditures	114,984	114,984	76,790	38,194
Excess (Deficiency) of Revenues Over Expenditures	(7,373)	(7,373)	27,430	34,803
Fund Balance				
Beginning of year	363,074	363,074	363,074	-
End of year	\$ 355,701	\$ 355,701	\$ 390,504	\$ 34,803

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS**Village East Fire Protection District**

December 31, 2002

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Village East Fire Protection District (the District) conform to accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of significant accounting policies:

a) Reporting Entity

The District is a component unit of Terrebonne Parish Consolidated Government (the Parish) and as such, these financial statements will be included in the comprehensive annual financial report (CAFR) of the Parish for the year ended December 31, 2002.

The District has reviewed all of its activities and determined that there are no potential component units which should be included in its financial statements.

b) Change in Accounting

In June 1999, GASB unanimously approved Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments. One of the more significant changes in Statement No. 34 include for the first time a Management’s Discussion and Analysis (MD&A) section providing an analysis of the District’s overall financial position and results of operations and financial statements prepared using full accrual accounting for all of the District’s activities. The District has not presented Management’s Discussion and Analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements. However, other changes are reflected in the accompanying basic financial statements (including notes to financial statements). The District has elected to implement the general provisions of Statement No. 34 in the current year.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Change in Accounting (Continued)

For the year ended December 31, 2002, the District also implemented the following GASB Standards:

- Statement 37 – Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments: Omnibus
- Statement 38 – Certain Financial Statement Disclosures
- Interpretation No. 6 – Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements

The transition from governmental fund balance to net assets for December 31, 2001, is presented below:

Total fund balance, as previously reported		\$363,074
Capital assets used in governmental activities are not financial resources and, therefore were not previously reported.		
Governmental capital assets	\$71,691	
Less accumulated depreciation	<u>(44,929)</u>	<u>26,762</u>
Net assets		<u>\$389,836</u>

c) Basis of Presentation

The District’s basic financial statements consist of the government-wide statements on all activities of the District and the governmental fund financial statements.

Government-wide Financial Statements:

The government-wide financial statements include the Statement of Net Assets and the Statement of Activities for all activities of the District. The government-wide presentation focuses primarily on the sustainability of the District as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. Governmental activities generally are financed through taxes, intergovernmental revenues and other non-exchange revenues.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Basis of Presentation (Continued)

Fund Financial Statements:

The fund financial statements are very similar to the traditional government fund statements as presented by governments prior to the issuance of Statement No. 34. The daily accounts and operations of the District continue to be organized on the basis of a fund and accounts groups, each of which is considered a separate accounting entity. The operations of the fund is accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues and expenditures. Government resources are allocated to and accounted for in the fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The following is the Governmental Fund of the District:

General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources except those that are required to be accounted for in another fund.

d) Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Government-wide Financial Statements:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized in the year for which they are levied.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Measurement Focus and Basis of Accounting (Continued)

Fund Financial Statements:

All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other uses) in net current assets. Governmental funds are maintained on the modified accrual basis of accounting.

Governmental fund revenues resulting from exchange transactions are recognized in the fiscal year in which the exchange takes place and meets the government's availability criteria (susceptible to accrual). Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Ad valorem taxes and the related state revenue sharing (Intergovernmental revenue) are recognized as revenue in the period for which levied, thus the 2002 property taxes which are being levied to finance the 2003 budget will be recognized as revenue in 2003. The 2002 tax levy is recorded as deferred revenue in the District's 2002 financial statements. Miscellaneous revenues are recorded as revenues when received in cash by the District because they are generally not measurable until actually received.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Allocations of cost such as depreciation are not recognized in the governmental funds.

e) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Operating Budgetary Data

As required by the Louisiana Revised Statute 39:1303, the Board of Commissioners (the Board) adopted a budget for the District's General Fund. The Board, as allowed by state law, does not obtain public participation in the budget process. Any amendment involving the transfer of monies from one function to another or increases in expenditures must be approved by the Board. The District did not amend its budget during the year. All budgeted amounts which are not expended, or obligated through contracts, lapse at year end.

The General Fund budget is adopted on a basis materially consistent with accounting principles generally accepted in the United States of America.

g) Accounts Receivable

The financial statements for the District contain no allowance for uncollectible accounts. Uncollectible amounts due for ad valorem taxes and other receivables are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. These amounts are not considered to be material in relation to the financial position or operations of the funds.

h) Investments

Investments are stated at fair value as established by open market, except for the Louisiana Asset Management Pool (LAMP). LAMP is an external pool which is operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than fair value to report net assets to compute share prices if certain conditions are met.

Investments during the year consisted of Certificates of Deposit, Federal National Mortgage Association Notes, Federal Home Loan Mortgage Corporation Notes, Federal Farm Credit Bank Notes, Federal Home Loan Bank Notes, Federal Agricultural Mortgage Corporation Discount Notes and LAMP.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Capital Assets

The accounting treatment over property, plant and equipment (capital assets) depends on whether the assets are reported in the government-wide or fund financial statements.

Government-wide Financial Statements:

In the government-wide financial statements, fixed assets are accounted for as capital assets. Capital assets purchased or acquired with an original cost of \$500 or more are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Machinery and equipment	5 – 10 years
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Fund Financial Statements:

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j) Fund Equity

Government-wide Statements:

Equity is classified as net assets and displayed in three components:

- a. Invested in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets, if any. At December 31, 2002 the District had no outstanding borrowings.
- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributions or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

When both restricted and unrestricted resources are available for use, it is the District’s policy to use restricted resources first, then unrestricted resources as they are needed. As of December 31, 2002 and for the year then ended, the District did not have or receive restricted net assets.

Fund Financial Statements:

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated.

Note 2 - DEPOSITS AND INVESTMENTS

District monies are held in a cash and investment pool maintained by the Parish and is available for use by all funds. The District’s portion of this pool is displayed on the Statement of Net Assets and Governmental Fund Balance Sheet as “cash” and “investments”.

Note 2 - DEPOSITS AND INVESTMENTS (Continued)

Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States, certificates of deposit of any bank domiciled or having a branch office in the state of Louisiana or any other federally insured investment.

Bank deposits:

State law requires deposits (cash and certificates of deposit) of all political subdivisions to be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by the political subdivision or with an unaffiliated bank or trust company for the account of the political subdivision.

Deposits are categorized into three categories of credit risk.

Category 1 includes deposits covered by federal depository insurance or by collateral held by the District or its agent in the District's name.

Category 2 includes deposits covered by collateral held by the pledging financial institution's trust department or its agent in the District's name.

Category 3 includes deposits covered by collateral held by the pledging financial institution or its trust department or agent but not in the District's name and deposits which are uninsured or uncollateralized.

The year end balances of deposits are as follows:

	Bank Balances			
	Category			Book
	1	2	3	Balance
Cash	\$ -	\$ -	\$ 491	\$ 491
Investments:				
Certificates of deposit	<u>-</u>	<u>-</u>	<u>215,271</u>	<u>215,271</u>
Totals	<u>\$ -</u>	<u>\$ -</u>	<u>\$215,762</u>	<u>\$215,762</u>

Note 2 - DEPOSITS AND INVESTMENTS (Continued)

As previously mentioned, funds are held and invested by the Parish. The Parish has proper pledging to cover funds for the District. At December 31, 2002, certificates of deposit in excess of the FDIC insurance were collateralized by securities held by unaffiliated banks for the account of the Parish. The Governmental Accounting Standards Board (GASB), which promulgates the standards for accounting and financial reporting for state and local governments, considers these securities uncollateralized. Even though the pledged securities are considered uncollateralized under the provisions GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the depositor that the fiscal agent has failed to pay deposited funds upon demand.

Investments:

State statutes authorize the District to invest in obligations of the U.S. Treasury, agencies and instrumentalities; commercial paper rated AAA 1, 2, or 3; repurchase agreements and the Louisiana Asset Management Pool.

The District's investments are categorized to give an indication of the level of risk assumed by the entity at year end.

Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name.

Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the District's name.

Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department or agent, but not in the District's name.

Note 2 - DEPOSITS AND INVESTMENTS (Continued)

At year end the investment balances are as follows:

	<u>Risk Category</u>			<u>Reported Amount/ Fair Value</u>
	<u>1</u>	<u>2</u>	<u>3</u>	
Investment subject to categorization:				
Federal Home Loan Bank Notes	\$ 60,625	\$ -	\$ -	\$ 60,625
Federal Agricultural Mortgage Corporation Discount Notes	15,272	-	-	15,272
Federal Home Loan Mortgage Corporation Notes	10,311	-	-	10,311
Federal National Mortgage Association Notes	<u>60,354</u>	<u>-</u>	<u>-</u>	<u>60,354</u>
Totals	<u>\$146,562</u>	<u>\$ -</u>	<u>\$ -</u>	146,562
Investments not subject to categorization:				
Louisiana Asset Manage- ment Pool (LAMP)				<u>31,037</u>
Total investments				<u>\$177,599</u>

Investments held at December 31, 2002 consist of \$31,037 in the Louisiana Asset Management Pool (LAMP), a local government investment pool. In accordance with GASB Codification Section 150.126, the investment in LAMP at December 31, 2002 is not categorized in the three risk categories provided by GASB Codification Section 150.125 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form.

Note 2 - DEPOSITS AND INVESTMENTS (Continued)

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA-R.S. 33:2955. Accordingly, LAMP investments are restricted to securities issued, guaranteed or backed by the U.S. Treasury, the U.S. Government or one of its agencies, enterprises or instrumentalities, as well as repurchase agreements collateralized by those securities.

Effective August 1, 2001, LAMP's investment guidelines were amended to permit the investment in government-only money market funds. In its 2001 Regular Session, the Louisiana Legislature (Senate Bill No. 512, Act 701) enacted LSA-R.S. 33:2955(A)(1)(h) which allows all municipalities, parishes, school boards and any other political subdivisions of the State to invest in "Investment grade (A-1/P-1) commercial paper of domestic United States corporations." Effective October 1, 2001, LAMP's Investment Guidelines were amended to allow the limited investment in A-1 or A-1+ commercial paper.

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

Note 2 - DEPOSITS AND INVESTMENTS (Continued)

A reconciliation of deposits and investments as shown on the Statement of Net Assets and Governmental Fund Balance Sheet for the District is as follows:

Reported amount of deposits	\$215,762
Reported amount of investments	<u>177,599</u>
Total	<u>\$393,361</u>

Cash	\$ 491
Investments	<u>392,870</u>
Total	<u>\$393,361</u>

Note 3 - PROPERTY TAXES

Property taxes are levied each November 1 on the assessed value listed as of the prior January 1 for all real property, merchandise and movable property located in the Parish. Assessed values are established by the Terrebonne Parish Assessor's Office and the State Tax Commission at percentages of actual value as specified by Louisiana law. A reevaluation of all property is required to be completed no less than every four years. The last reevaluation was completed for the list of January 1, 2000. Taxes are due and payable December 31 with interest being charged on payments after January 1. Taxes can be paid through the tax sale date, which is the last Wednesday in June. Properties for which the taxes have not been paid are sold for the amount of the taxes. The tax rate for the year ended December 31, 2002, was \$7.00 per \$1,000 of assessed valuation on property within Village East Fire Protection District for the purpose of acquiring, constructing, maintaining and operating fire protection facilities within the District and paying the cost of obtaining water for the fire protection purposes, including fire hydrant rentals and services. As indicated in Note 1d, taxes levied November 1, 2002 are for budgeted expenditures in 2003 and will be recognized as revenues in 2003.

Note 4 - DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units at December 31, 2002 consisted of the following:

State of Louisiana - State revenue sharing	\$ 4,699
Terrebonne Parish Tax Collector - December, 2002 collections remitted to the District in January, 2003:	
Ad valorem taxes	64,302
State revenue sharing	<u>2,350</u>
Total	<u>\$71,351</u>

Note 5 - CHANGES IN CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2002 was as follows:

	Balance January 1, 2002	Additions	Balance December 31, 2002
Capital assets being depreciated:			
Machinery and equipment	\$ 71,691	\$ 11,226	\$ 82,917
Less accumulated depreciation for:			
Machinery and equipment	<u>(44,929)</u>	<u>(9,026)</u>	<u>(53,955)</u>
Total capital assets, net	<u>\$ 26,762</u>	<u>\$ 2,200</u>	<u>\$ 28,962</u>

There are numerous assets, vehicles and equipment, used by the District which were purchased by a not-for-profit volunteer fire company. These assets remain in the name of the volunteer fire company and accordingly are not included in the Capital Assets of the District.

Note 6 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. No settlements were made during the year that exceeded the District's insurance coverage.

Note 7 - COMPENSATION OF BOARD MEMBERS

No compensation was paid to Board Members for the year ended December 31, 2002.

SUPPLEMENTARY INFORMATION SECTION



Bourgeois Bennett

INDEPENDENT AUDITOR'S REPORT ON ADDITIONAL INFORMATION

To the Board of Commissioners,
Village East Fire Protection District,
Houma, Louisiana.

Our report on our audit of the basic financial statements of Village East Fire Protection District (the District) for the year ended December 31, 2002, appears on pages 1 and 2. That audit was conducted for the purpose of forming an opinion on such financial statements taken as a whole. The information contained in the schedule of governmental fund revenues and expenditures and graphs of governmental fund revenues and expenditures for the year ended December 31, 2002 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements for the year ended December 31, 2002, taken as a whole.

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the governmental fund balance sheets of Village East Protection District as of December 31, 2001 and 2000, and the related statements of governmental fund revenues, expenditures and changes in fund balance for each of the two years in the period ended December 31, 2001 (none of which is presented herein), and we expressed unqualified opinions on those financial statements. In our opinion, the information presented in the schedule of governmental fund revenues and expenditures and graphs of governmental fund revenues and expenditures for the years ended December 31, 2001 and 2000 is fairly stated in all material respects in relation to the basic financial statements from which it has been derived.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana,
May 19, 2003.

SCHEDULE OF GOVERNMENTAL FUND REVENUES AND EXPENDITURES**Village East Fire Protection District**

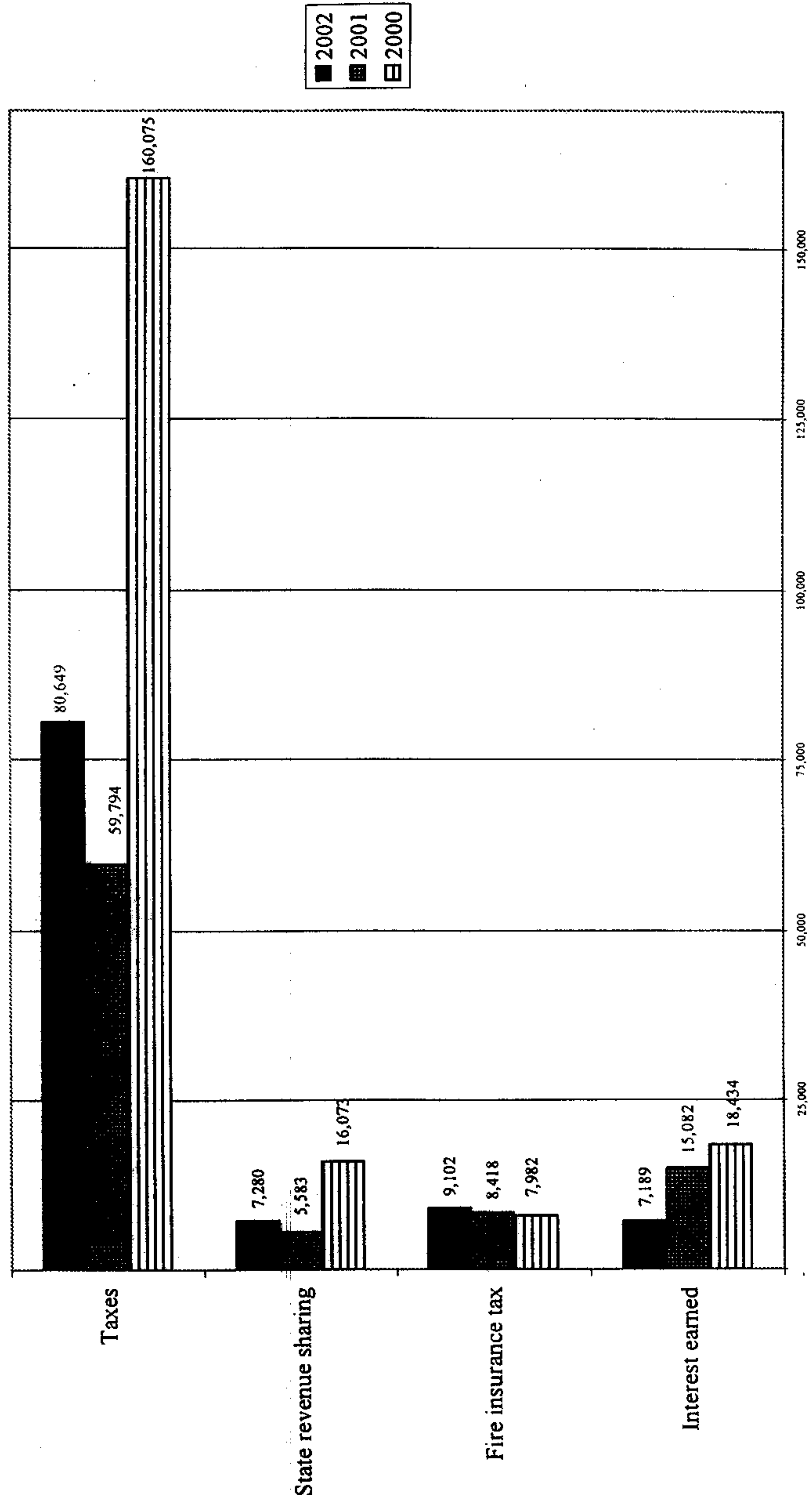
For the years ended December 31, 2002, 2001 and 2000

	<u>2002</u>	<u>2001</u>	<u>2000</u>
Revenues			
Taxes	\$ 80,649	\$ 59,794	\$ 160,075
State revenue sharing	7,280	5,583	16,073
Fire insurance tax	9,102	8,418	7,982
Interest earned	7,189	15,082	18,434
	<u> </u>	<u> </u>	<u> </u>
Total revenues	<u>\$ 104,220</u>	<u>\$ 88,877</u>	<u>\$ 202,564</u>
Expenditures			
General government	\$ 3,659	\$ 5,326	\$ 17,870
Supplies and materials	16,384	3,343	8,720
Other services and charges	29,923	22,515	20,334
Repairs and maintenance	15,598	10,176	5,537
Capital outlay	11,226	2,353	15,548
	<u> </u>	<u> </u>	<u> </u>
Total expenditures	<u>\$ 76,790</u>	<u>\$ 43,713</u>	<u>\$ 68,009</u>

GOVERNMENTAL FUND REVENUES

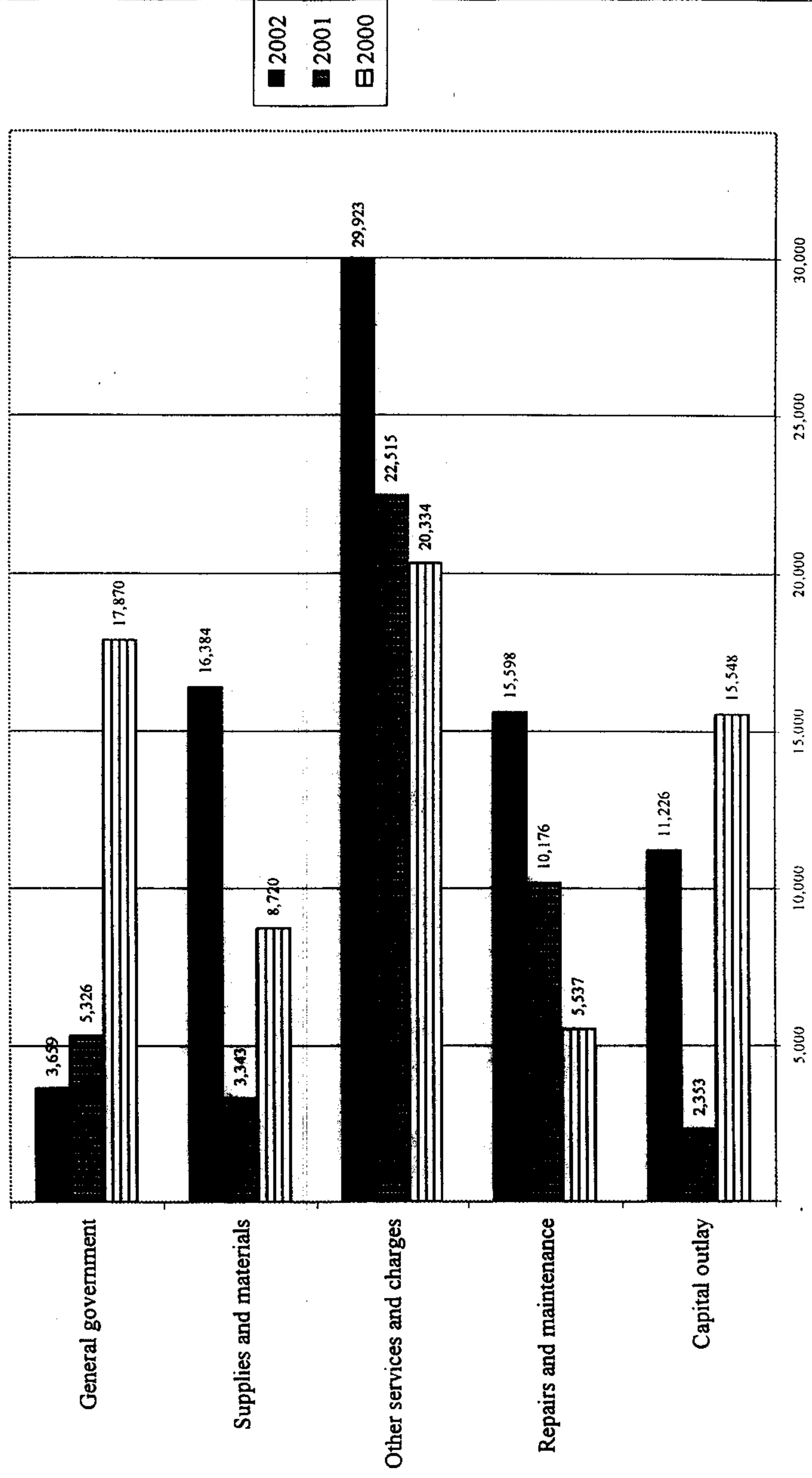
Village East Fire Protection District

For the years ended December 31, 2002, 2001 and 2000



GOVERNMENTAL FUND EXPENDITURES**Village East Fire Protection District**

For the years ended December 31, 2002, 2001 and 2000



SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS



Bourgeois Bennett

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF BASIC
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Commissioners,
Village East Fire Protection District,
Houma, Louisiana.

We have audited the basic financial statements of Village East Fire Protection District (the District), a component unit of the Terrebonne Parish Consolidated Government, as of and for the year ended December 31, 2002, and have issued our report thereon dated May 19, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level of risk that

misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses.

This report is intended for the information of the Board of Commissioners, management, the State of Louisiana and the Legislative Auditor for the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties.

Bougeois Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana,
May 19, 2003.

SCHEDULE OF FINDINGS

Village East Fire Protection District

For the year ended December 31, 2002

Section I Summary of Auditor's Results

a) Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes X no
- Reportable condition(s) identified that are not considered to be material weaknesses? _____ yes X none reported

Noncompliance material to financial statements noted? _____ yes X no

b) Federal Awards

Village East Fire Protection District did not receive federal awards during the year ended December 31, 2002.

Section II Financial Statement Findings

No financial statement findings were noted during the audit for the year ended December 31, 2002.

Section III Federal Award Findings and Questioned Costs

Not applicable.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS

Village East Fire Protection District

For the year ended December 31, 2002

Section I Internal Control and Compliance Material to the Basic Financial Statements

Internal Control

No material weaknesses were reported during the audit for the year ended December 31, 2001.
No reportable conditions were reported during the audit for the year ended December 31, 2001.

Compliance

01-1 **Recommendation** - The District should comply with all requirements of the Louisiana Local Government Budget Act.

Management's Corrective Action - The District is now aware of the requirements and will comply in the future. Resolved.

01-2 **Recommendation** - The District should publish all official proceedings of the Board in the official journal.

Management's Corrective Action - The District is now publishing all official proceedings in the official journal. Resolved.

Section II Internal Control and Compliance Material to Federal Awards

Village East Fire Protection District did not receive federal awards during the year ended December 31, 2001.

Section III Management Letter

A management letter was not issued in connection with the audit for the year ended December 31, 2001.

MANAGEMENT'S CORRECTIVE ACTION PLAN

Village East Fire Protection District

For the year ended December 31, 2002

Section I Internal Control and Compliance Material to the Basic Financial Statements

Internal Control

No material weaknesses were reported during the audit for the year ended December 31, 2002.
No reportable conditions were reported during the audit for the year ended December 31, 2002.

Compliance

No compliance findings material to the basic financial statements were noted during the year ended December 31, 2002.

Section II Internal Control and Compliance Material to Federal Awards

Village East Fire Protection District did not receive federal awards during the year ended December 31, 2002.

Section III Management Letter

A management letter was not issued in connection with the audit for the year ended December 31, 2002.